

Fundamentals:

Hong Kong stocks dropped Wednesday, ending a three-day streak of gains, with health-related stocks leading the decline.

The Hang Seng Index slumped 2.6 per cent to 21,008.34 at the close, ending a string of positive sessions that saw it gain 3.4 per cent. The loss was the biggest since June 13. The Hang Seng Tech Index shed 4.4 per cent, while the Shanghai Composite Index sank 1.2 per cent.

Alibaba Health Information Technology and JD.com led the decline on the benchmark, retreating at least 6 per cent after the 21st Century Business Herald reported that China will increase scrutiny of online medicine sales. Li Auto bucked the decline on the broader market after Citigroup more than doubled its price target for the stock.

The Hang Seng Index had risen 17 per cent through Tuesday since hitting a six-year low in March, thanks to China's Covid-19 wave receding and new government policies to revive growth. The rebound added US\$570 billion in market capitalisation, with Hong Kong unseating Japan to retake the position of the second-biggest stock market in Asia.

The hangover of policy tightening in the US still lingers on local stocks, with Fed officials reiterating that the central bank should raise the interest rate as fast as it can. Chair Jerome Powell is expected to defend the aggressive approach when he speaks in front of lawmakers on Wednesday.

The risk of capital outflows from Hong Kong is building up amid higher US dollar rates. The Hong Kong dollar has been trading close to 7.85 against the greenback over the past week, a level that has prompted the city's monetary authority to intervene, spending HK\$78.1 billion (US\$10 billion) so far this month to defend the local currency.

Among the index heavyweights, Alibaba Group Holding lost 4.1 per cent to HK\$101.50, and Tencent Holdings slipped 2.9 per cent to HK\$370.

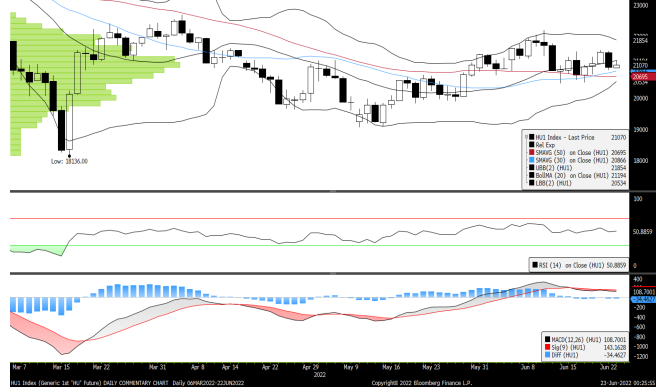
Li Auto, which just launched a new SUV model, advanced 2.6 per cent to HK\$140.90 after Citigroup boosted its share-price estimate for the company by 110 per cent to HK\$225.30. Competing car maker Nio also rose, adding 0.2 per cent to HK\$175.50.

Mega Genomics, which provides a genetic testing service, closed unchanged at HK\$18 on its first day of trading in Hong Kong.

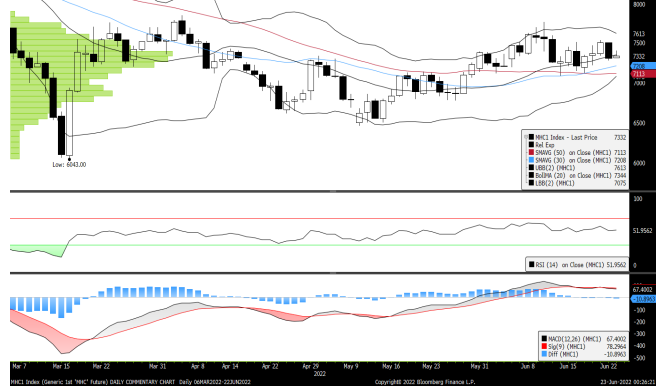
On the mainland-China exchanges, four new stocks all gained between 36 and 45 per cent. Shanghai National Center of Testing and Inspection for Electric Cable and Wire was the best performer, surging to 48.57 yuan in Shenzhen.

(Source: South China Morning Post)

Mini Hang Seng Futures Daily Chart



Mini Hang Seng China Enterprise Futures Daily Chart



Contracts	Chg	Sett	High	Low
H. SENG FUT JUN 22	-494	20980	21512	20892
H. SENG FUT JUL 22	-493	20882	21438	20796
H. SENG FUT SEP 22	-498	20784	21310	20763
H. SENG FUT DEC 22	-481	20895	21388	20819
MINI H. SENG FUT JUN 22	-494	20980	21510	20891
MINI H. SENG FUT JUL 22	-493	20882	21436	20800
MINI H. SENG FUT SEP 22	-498	20784	21320	20710
MINI H. SENG FUT DEC 22	-481	20895	21408	20820
HSCEI FUT JUN 22	-199	7302	7515	7275
HSCEI FUT JUL 22	-199	7230	7428	7204
HSCEI FUT SEP 22	-196	7223	7420	7200
HSCEI FUT DEC 22	-193	7279	7472	7291
MINI HSCEI FUT JUN 22	-199	7302	7504	7275
MINI HSCEI FUT JUL 22	-199	7230	7430	7205
MINI HSCEI FUT SEP 22	-196	7223	7413	7198
MINI HSCEI FUT DEC 22	-193	7279	7467	7275

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	78.8	-2.8	80.55	78.8
**Tencent Holdings Ltd	370	-11	380.8	370
*HSBC Holdings PLC	50.65	-0.75	51.65	50.5
**China Construction Bank Corp	5.57	-0.08	5.65	5.57
**Ping An Insurance Group	51.5	-1.05	52.75	51.5
**Meituan	191.6	-9.6	201.2	190.3
*Hong Kong Exchanges & Clearing Ltd	359.8	-4.4	371.4	359
**Alibaba Group Holdings Ltd	101.5	-4.3	105.1	101.5
**Xiaomi Corp	11.62	-0.38	12.04	11.58
**ICBC	4.53	-0.07	4.59	4.51

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	69.1	-2	71.75	68.8
**China Mobile Ltd	49.3	-0.45	49.95	49.25
**Bank of China Ltd	3.07	-0.04	3.12	3.06
*Techtronic Industries Co Ltd	81.5	-1.3	85.05	80.6
*CK Hutchison Holdings Ltd	52.3	-0.35	53.05	52.25
*Link REIT	63.35	-1.15	65.2	63.35
*CLP Holding Ltd	65.6	-1.8	67.4	65.45
**Geely Automobile Holdings Ltd	15.68	0.62	16	15.1
**CNOOC Ltd	9.83	-0.39	10.3	9.8
**ANTA Sports Products Ltd	84.1	-4.45	88.6	83.5

Global Equity Indices	Close	Change	High	Low
Hang Seng	21008.34	-551.25	21519.6	21008.34
HSCEI	7335	-214.58	7531.49	7335
Shanghai Comp Index	3267.2	-39.517	3311.02	3266.543
Nikkei 225	26149.6	-96.76	26462.8	26149.17
KOSPI	2342.81	-66.12	2418.05	2342.81
S&P/ASX200	6508.54	-15.26	6557.8	6493.2
DJIA	30483.1	-47.12	30777.9	30166.01
S&P 500	3759.89	-4.9	3801.79	3717.69
NASDAQ	11053.1	-16.22	11216.8	10938.06
DAX	13144.3	-148.12	13206.1	12965.69
CAC	5916.63	-0.81	5938.46	5834.46
FTSE100	7089.22	-62.83	7152.05	7030.03

Historical Volatility	10 Days	30 Days	60 Days	90 Days
Hang Seng Futures	31.96	29.48	30.20	37.45
Mini Hang Seng Futures	32.04	29.50	29.95	37.34
HSCEI Futures	36.02	32.94	35.86	44.91
Mini HSCEI Futures	36.06	32.94	35.47	44.76

Technical Analysis

Mini Hang Seng

1st Resistance: 21295 2nd Resistance: 21609
 1st Support: 20665 2nd Support: 20351
 MACD: 121.890
 MACD DIFF: -29.7811
 RSI: 49.8079

Mini Hang Seng China Enterprise

1st Resistance: 7412 2nd Resistance: 7521
 1st Support: 7192 2nd Support: 7083
 MACD: 73.786
 MACD DIFF: -7.192
 RSI: 51.0768

Strategy:

Mini Hang Seng: Long: Profit target: 20665 Stop-loss: 20872 20562 Long: Profit target: 20351 Stop-loss: 20554 20249

Short: Profit target: 21295 Stop-loss: 21082 21401 Short: Profit target: 21609 Stop-loss: 21393 21717

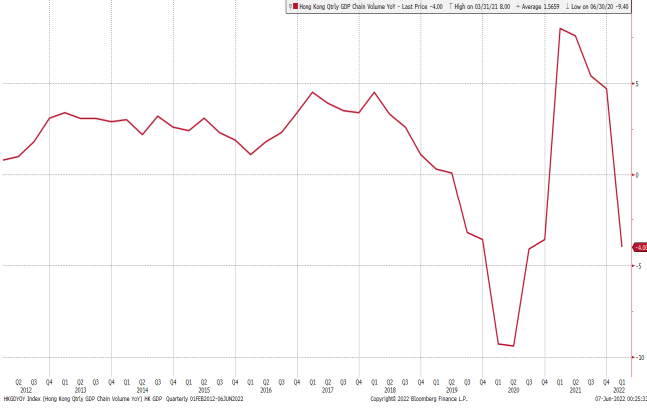
Mini Hang Seng China Enterprise: Long: Profit target: 7192 Stop-loss: 7264 7157 Long: Profit target: 7083 Stop-loss: 7154 7048

Short: Profit target: 7412 Stop-loss: 7337 7449 Short: Profit target: 7521 Stop-loss: 7446 7559

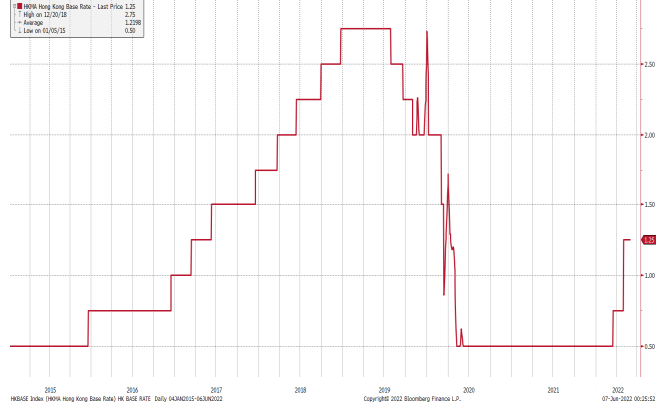
Hong Kong Economic Releases	Period	Survey	Actual	Prior	Revised
06/27/2022 16:30	Exports YoY	May	--	--	1.10%
06/27/2022 16:30	Imports YoY	May	--	--	2.10%
06/27/2022 16:30	Trade Balance HKD	May	--	--	-36.6b
06/30/2022 16:30	Retail Sales Value YoY	May	--	--	11.70%
06/30/2022 16:30	Retail Sales Volume YoY	May	--	--	8.10%
06/30/2022 16:30	Budget Balance HKD	May	--	--	-46.8b
06/30/2022	Money Supply M1 HKD YoY	May	--	--	5.10%
06/30/2022	Money Supply M2 HKD YoY	May	--	--	1.20%
06/30/2022	Money Supply M3 HKD YoY	May	--	--	1.20%

China Economic Releases	Period	Survey	Actual	Prior	Revised
06/23/2022 09:00	Swift Global Payments CNY	May	--	--	2.14%
06/23/2022 10:00	Bloomberg June China Economic Survey				
06/24/2022	BoP Current Account Balance	1Q F	--	--	\$89.5b
06/27/2022 09:30	Industrial Profits YTD YoY	May	--	--	3.50%
06/27/2022 09:30	Industrial Profits YoY	May	--	--	-8.50%
06/30/2022 09:30	Composite PMI	Jun	--	--	48.4
06/30/2022 09:30	Manufacturing PMI	Jun	--	--	49.6
06/30/2022 09:30	Non-manufacturing PMI	Jun	--	--	47.8

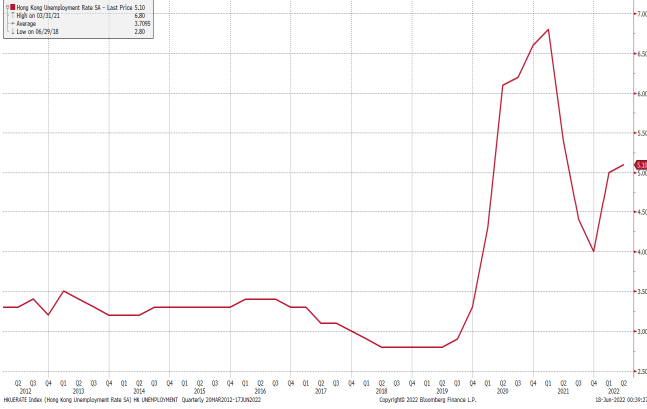
Hong Kong GDP Q on Q



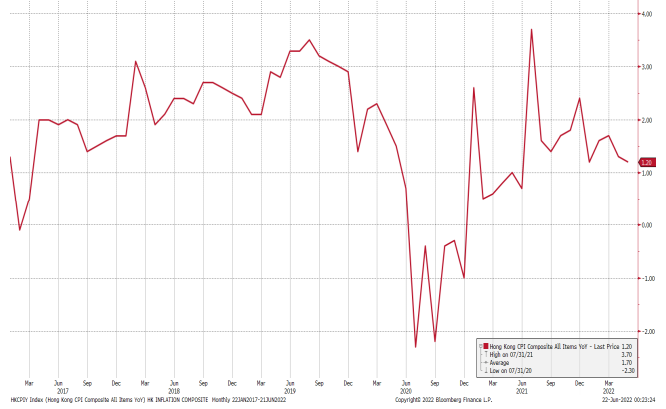
Hong Kong Base Interest Rate



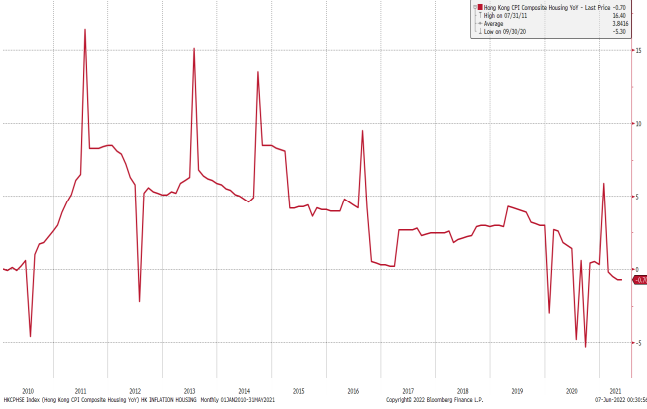
Hong Kong Unemployment Rate



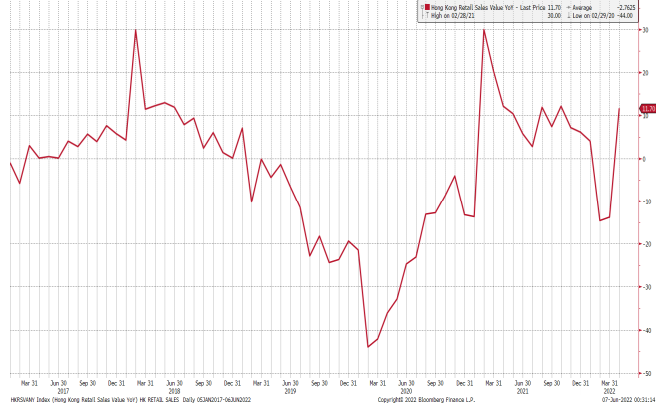
Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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